

Chapter 1

Overview and Introduction

1-1 Historical Overview

The Quality Housing and Work Responsibility Act of 1998 (QHWRA) authorized the conversion of public housing to tenant-based assistance by implementing new required and voluntary conversion programs. Section 537 of QHWRA authorized required conversion by adding a new Section 33 to the United States Housing Act of 1937 (42 USC §1437z-5) (the Act). Section 533 of QHWRA authorized voluntary conversion by amending Section 22 of the Act. Separate final rules implementing Sections 537 and 533 of QHWRA were published in the Federal Register on September 17, 2003, with an effective date of March 15, 2004. In addition, an appendix to the rules addressing the methodology for comparing the cost of individual public housing developments to the cost of tenant-based assistance was published in the Federal Register on March 21, 2006, with an effective date of April 20, 2006. These rules are implemented at 24 CFR Part 972.

PHAs are now required to annually review their public housing inventory and identify distressed developments (or parts of developments) that may be subject to a required conversion. PHAs may also determine, at any time, that certain units in their inventory are eligible for voluntary conversion.

HUD approval from HUD's Office of Public Housing Investments (OPHI), through HUD's Special Applications Center (SAC), is required before a PHA may undertake a conversion. The HUD Field Office approval of a PHA Plan (or HUD Headquarters approval of a MTW Plan) that describes a conversion does not constitute HUD approval of a PHA's conversion program.



Different Statutory and Regulatory Provisions for Required and Voluntary Conversion

The required and voluntary conversion programs are authorized by different sections of the statute (22 and 33) and HUD's rules governing each program are in separate sections (A & B) of HUD's conversion regulation at 24 CFR Part 972

1-2 Purpose of Guidebook

This guidebook will advise Public Housing Agencies (PHAs) and other organizations providing services to PHAs on the administrative and program requirements of required and voluntary conversion. These programs are administered through the Special Applications Center (SAC) of the U.S. Department of Housing and Urban Development (HUD). The SAC, physically located in Chicago, is an office within HUD's Office of Public Housing Investments (OPHI), which is within HUD's Office of Public and Indian Housing (PIH). This guide summarizes the responsibilities and requirements that PHAs must comply with to convert their public housing stock. This guide is intended to assist PHAs in assessing the future viability of their public housing stock and in planning appropriate actions for the use of that stock.

Specifically, this guide will assist PHAs to:

- Identify public housing units (entire developments or portions of developments) that they are required to convert from its public housing stock;
- Identify public housing units that the PHA is not required to convert, but may be legally authorized to convert, including how to conduct and analyze a conversion assessment;
- Compare the cost of continuing to operate public housing units to the cost of providing tenant-based assistance to the residents of those units;
- Develop and implement a conversion plan to remove the identified public housing units from the PHA's inventory, including how to provide for the transition of displaced residents to other affordable housing; and,
- Comply with HUD forms, procedures, submission requirements, and timelines in connection with the conversion approval process.

This guide is not a substitute for the Act or HUD's rules governing conversions. It is a practical guide that addresses issues that arise during HUD's review and approval process and provides PHAs with the information they need in order to submit complete conversion requests to the SAC. Please note that future HUD Notices may modify or further clarify the information and instructions presented in this guide.

1-3 Organization of Guidebook

This first chapter of the guidebook provides an introduction and historical overview of the required and voluntary conversion programs, including the federal legislative and regulatory history. The second chapter outlines the distinct requirements that PHAs must follow for required conversion. The third chapter outlines the distinct requirements that PHAs must follow for voluntary conversion. And, finally, the appendices provide additional information, forms, and tools that will assist PHAs in the conversion application process.

1-4 How does a PHA staff person use this Guidebook?

This guide is designed to walk the reader through the process that the PHA must take to comply with the requirements of the required and voluntary conversion programs. This guide will help the reader understand the following about conversion:

- What are the steps that a PHA must take to convert its public housing and why is each step important?
- How does a PHA work through the process?
- When, how, and to what HUD Office does a PHA need to submit documentation?
- How long will the process take?
- What are the relevant regulations, forms, notices, and information sources, and where can a PHA find them?